

Monroe County Intermediate School District

Monroe, Michigan



FINANCIAL STATEMENTS

For the Year Ended June 30, 2008



REHMANN ROBSON

Certified Public Accountants

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

For the Year Ended June 30, 2008

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MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

For the Year Ended June 30, 2008

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

November 12, 2008

Board of Education
Monroe County Intermediate School District
Monroe, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *Monroe County Intermediate School District* (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Monroe County Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monroe County Intermediate School District as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Special Education Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2008, on our consideration of Monroe County Intermediate School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe County Intermediate School District's basic financial statements. The combining fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Monroe County Intermediate School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Monroe County Intermediate School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

Management's Discussion and Analysis

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

This section of the Monroe County Intermediate School District's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2008. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Monroe County Intermediate School District financially as a whole. The District-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund and the Special Education Fund, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-Wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Other Supplemental Information

Reporting the School District as a Whole - District-Wide Financial Statements

One of the most important questions asked about the School District is, “As a whole, what is the School District’s financial condition as a result of the year’s activities?” The statement of net assets and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District’s net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompass all of the School District’s services, including instruction, support services, community services, and food services. Property taxes, State aid, and state and federal grants finance most of these activities.

Reporting the School District’s Most Significant Funds - Fund Financial Statements

The School District’s fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Services Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes and grants. The governmental funds of the School District use the following accounting approach:

Governmental Funds - All of the School District’s services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District’s programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2008 and 2007:

TABLE 1

	Governmental Activities	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
	(in millions)	
Assets		
Current and other assets	\$ 30.1	\$ 29.4
Capital assets	<u>5.5</u>	<u>\$ 5.7</u>
Total assets	35.6	35.1
Liabilities		
Current liabilities	7.0	5.8
Long-term liabilities	<u>3.0</u>	<u>3.3</u>
Total liabilities	10.0	9.1
Net Assets		
Invested in capital assets – Net of related debt	5.5	5.7
Restricted	13.6	14.2
Unrestricted	<u>6.5</u>	<u>6.1</u>
Total net assets	<u>\$ 25.6</u>	<u>\$ 26.0</u>

The previous analysis focuses on the net assets (see Table 1). The change in net assets (see Table 2) of the School District's governmental activities is discussed below. The School District's net assets were \$25.6 million at June 30, 2008. Capital assets, net of related debt totaling \$5.5 million, compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets (\$6.5 million) was unrestricted.

The \$6.5 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal years 2008 and 2007.

TABLE 2

	Governmental Activities	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.1	\$ 0.1
Operating grants	18.2	18.5
General revenue:		
Property taxes	28.6	27.2
State aid - unrestricted	1.9	1.9
Other	<u>0.2</u>	<u>0.4</u>
Total revenue	49.0	48.1

TABLE 2 (Continued)

		Governmental Activities	
		<u>June 30, 2008</u>	<u>June 30, 2007</u>
		(in millions)	
Functions/Program Expenses			
Instruction	\$	12.4	\$ 12.7
Support services		20.7	21.0
Interdistrict payments and other		15.3	14.4
Community service		0.8	0.7
Food service		0.2	0.2
Interest on long-term debt		-	-
Total expense		49.4	49.0
Increase/(Decrease) in Net Assets	\$	<u>(0.4)</u>	<u>\$ (0.8)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$49.4 million. Certain activities were partially funded from those who benefited from the programs (\$0.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$18.2 million). We paid for the remaining “public benefit” portion of our governmental activities with \$28.6 million in taxes, \$1.9 million in unrestricted state aid, and with our other revenues, i.e., interest and general entitlements.

The School District experienced a decrease in net assets of \$.4 million. The main reason for the change in net assets was due to expenses being more than revenue in special education because of the following: (1) an additional special education payment was made to the local school districts and (2) a transfer was made to the capital project’s fund for renovations at the educational center and at holiday camp.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District’s taxpayers by each of these functions. Since property taxes for operations, state aid, and federal grants constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available resources.

The School District’s Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District’s overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$21.7 million, which is a decrease of \$.3 million from last year. The primary reasons for the decrease are as follows:

Combined, the fund balances in the General Fund and Special Education Fund, our principal operating funds, decreased \$.09 million to \$20.5 million. Even though there was an increase in the fund balance for general fund, there was a decrease in the fund balance for special education due to a transfer to the capital project's fund and an additional special education payment that was made to the local school districts.

The General Fund fund balance is available to fund costs related to allowable school operating purposes. The Special Education Fund fund balance is available to fund costs related to special education.

The Capital Project Fund fund balance reported a decrease of approximately \$.2 million as a result of a construction project at Holiday Camp.

Durant debt obligations are funded by annual state appropriation, and no fund balance exists at year end.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the applicable Budgetary comparison financial statements.

There were no significant changes between the final budget and actual expenditures except in the areas of instructional support and central support. The variance in instructional support is due to grant expenditures not being as much as budgeted, which results in more grant carry-over funds leading into the 2008-2009 school year. The variance in central support is due mainly to some technology expenditures not being as much as budgeted.

Special Education Fund Budgetary Highlights

There were no significant changes between the final budget and actual expenditures except in the area of instruction. The variance in instruction is due mainly to IDEA expenditures not being as much as budgeted, which results in more grant carry-over funds leading into the 2008-2009 school year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2008, the School District had \$5.5 million invested in capital assets, net of accumulated depreciation. Depreciation for this year totaled \$285,511.

Debt

At the end of this year, the School District had \$1,753,283 in bonds outstanding at June 30, 2008. The School District's only bonds are related to the Durant settlement.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2008-2009 fiscal year budgets. The 2009 budget was adopted in June 2008.

The School District relies heavily upon property taxes as a funding source, receiving approximately 60% of its revenue from property taxes. Slower growth and decreases in taxable values across Monroe County will have a direct impact on District revenues. The District will continue to monitor the potential implications of this.

Since the School District's revenue is dependent on state categorical funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

Health care costs continue to weigh heavily upon school districts in Michigan. The District has taken steps to slow the growth of health care costs by selecting adequate and competitive health care plans with deductibles and increased prescription and office co-pays.

The overall financial position of the School District at June 30, 2008 remains sound, however, the special education fund balance has decreased for the past two (2) years. The balances in both the General Fund and Special Education Fund remain close to the goals of the School District. In the future, the fund balances of these two funds may change because of decreased State appropriations and decreases in property tax values.

Contacting the District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Business Office.

Basic Financial Statements

District-wide Financial Statements

Monroe County Intermediate School District
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 24,079,556
Receivables	5,857,111
Prepaid items and other assets	125,576
Capital assets not being depreciated	127,382
Capital assets being depreciated, net	<u>5,382,227</u>
Total assets	<u>35,571,852</u>
Liabilities	
Accounts payable and accrued liabilities	3,872,622
Unearned revenue	2,748,895
Noncurrent liabilities:	
Due within one year	293,253
Due in more than one year	<u>3,044,759</u>
Total liabilities	<u>9,959,529</u>
Net assets	
Invested in capital assets, net of related debt	5,509,609
Restricted for:	
Capital projects	1,200,261
Special education	12,345,419
Other purposes	26,504
Unrestricted	<u>6,530,530</u>
Total net assets	<u><u>\$ 25,612,323</u></u>

The accompanying notes are an integral part of these financial statements.

Monroe County Intermediate School District
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 12,411,101	\$ 2,460	\$ 17,629,485	\$ -	\$ 5,220,844
Supporting services	20,710,201	-	-	-	(20,710,201)
Community service	764,550	-	-	-	(764,550)
Food service	157,950	103,909	46,203	-	(7,838)
Interdistrict payments	15,343,191	-	491,479	-	(14,851,712)
Total	<u>\$ 49,386,993</u>	<u>\$ 106,369</u>	<u>\$ 18,167,167</u>	<u>\$ -</u>	<u>(31,113,457)</u>
General revenues:					
Property taxes					28,551,565
Unrestricted state aid					1,918,706
Unrestricted investment earnings					<u>219,413</u>
Total general revenues					<u>30,689,684</u>
Change in net assets					(423,773)
Net assets, beginning of year					<u>26,036,096</u>
Net assets, end of year					<u>\$ 25,612,323</u>

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

Monroe County Intermediate School District
Balance Sheet
Governmental Funds
June 30, 2008

			Durant	Other	
			Debt Service	Governmental	
			Fund	Funds	
<u>ASSETS</u>	General	Special			Totals
		Education			
Assets					
Cash and cash equivalents	\$ 8,492,238	\$ 14,346,891	\$ -	\$ 1,240,427	\$ 24,079,556
Accounts receivable	973,666	2,931,094	1,753,283	2,745	5,660,788
Taxes receivable	48,591	147,732	-	-	196,323
Inventory	-	1,977	-	2,761	4,738
Prepaid expenditures	51,745	69,093	-	-	120,838
<u>TOTAL ASSETS</u>	<u>\$ 9,566,240</u>	<u>\$ 17,496,787</u>	<u>\$ 1,753,283</u>	<u>\$ 1,245,933</u>	<u>\$ 30,062,243</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 234,391	\$ 895,014	\$ -	\$ 17,950	\$ 1,147,355
Accrued payroll and other liabilities	191,206	2,534,061	-	-	2,725,267
Deferred revenue	1,025,384	1,722,293	1,753,283	1,218	4,502,178
Total liabilities	1,450,981	5,151,368	1,753,283	19,168	8,374,800
Fund balances					
Reserved for inventory	-	1,977	-	2,761	4,738
Reserved for prepaid expenditures	51,745	69,093	-	-	120,838
Unreserved:					
Undesignated	8,063,514	12,274,349	-	-	20,337,863
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	23,743	23,743
Capital projects funds	-	-	-	1,200,261	1,200,261
Total fund balances	8,115,259	12,345,419	-	1,226,765	21,687,443
<u>TOTAL LIABILITIES</u> <u>AND FUND BALANCES</u>	<u>\$ 9,566,240</u>	<u>\$ 17,496,787</u>	<u>\$ 1,753,283</u>	<u>\$ 1,245,933</u>	<u>\$ 30,062,243</u>

The accompanying notes are an integral part of these financial statements.

Monroe County Intermediate School District
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2008

Fund balances - total governmental funds	\$ 21,687,443
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets	9,329,057
Deduct: accumulated depreciation	(3,819,448)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred long-term receivables	1,753,283
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: bonds payable	(1,753,283)
Deduct: compensated absences	(1,584,729)

Net assets of governmental activities	<u><u>\$ 25,612,323</u></u>
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The accompanying notes are an integral part of these financial statements.

Monroe County Intermediate School District
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Special Education	Durant Debt Service Fund	Other Governmental Funds	Totals
Revenue					
Local sources	\$ 7,916,863	\$ 22,640,380	\$ -	\$ 273,922	\$ 30,831,165
State sources	2,618,197	7,887,259	-	2,670	10,508,126
Federal sources	502,830	6,595,285	-	34,335	7,132,450
Interdistrict sources	388,610	102,869	-	-	491,479
Total revenue	11,426,500	37,225,793	-	310,927	48,963,220
Expenditures					
Education:					
Instruction	122,325	12,381,372	-	-	12,503,697
Support services	4,895,736	14,730,479	-	-	19,626,215
Community services	162,100	602,450	-	-	764,550
Food service	-	-	-	157,036	157,036
Capital outlay	-	-	-	900,848	900,848
Interdistrict payments	6,661,657	8,681,534	-	-	15,343,191
Total expenditures	11,841,818	36,395,835	-	1,057,884	49,295,537
Revenue over (under) expenditures	(415,318)	829,958	-	(746,957)	(332,317)
Other financing sources (uses)					
Transfers in	1,242,846	529,452	-	506,593	2,278,891
Transfers out	(529,452)	(1,749,439)	-	-	(2,278,891)
Total other financing sources (uses)	713,394	(1,219,987)	-	506,593	-
Net change in fund balances	298,076	(390,029)	-	(240,364)	(332,317)
Fund balances, beginning of year	7,817,183	12,735,448	-	1,467,129	22,019,760
Fund balances, end of year	\$ 8,115,259	\$ 12,345,419	\$ -	\$ 1,226,765	\$ 21,687,443

The accompanying notes are an integral part of these financial statements.

Monroe County Intermediate School District
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$	(332,317)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay		95,139
Deduct: depreciation expense		(285,511)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: decrease in the accrual for compensated absences		98,916
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Change in net assets of governmental activities	\$	(423,773)
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The accompanying notes are an integral part of these financial statements.

Monroe County Intermediate School District
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (under) Final Budget
Revenue				
Local sources	\$ 7,914,995	\$ 7,844,940	\$ 7,916,863	\$ 71,923
State sources	2,993,945	2,591,841	2,618,197	26,356
Federal sources	442,653	558,436	502,830	(55,606)
Interdistrict sources	350,525	382,309	388,610	6,301
Total revenue	11,702,118	11,377,526	11,426,500	48,974
Expenditures				
Instruction				
Basic programs	61,725	79,726	66,620	(13,106)
Added needs	49,552	65,411	55,705	(9,706)
Supporting services				
Pupil services	137,403	137,477	127,182	(10,295)
Instructional support	2,399,209	2,246,091	2,016,485	(229,606)
General administration	379,465	391,500	357,027	(34,473)
Business services	741,776	627,205	576,077	(51,128)
Operations and maintenance	509,230	426,160	353,160	(73,000)
Central support	1,647,805	1,667,631	1,465,805	(201,826)
Community services	182,160	160,629	162,100	1,471
Interdistrict payments	6,532,487	6,664,669	6,661,657	(3,012)
Total expenditures	12,640,812	12,466,499	11,841,818	(624,681)
Revenue over (under) expenditures	(938,694)	(1,088,973)	(415,318)	673,655
Other financing sources (uses)				
Transfers in	1,206,727	1,258,450	1,242,846	(15,604)
Transfers out	(524,309)	(529,452)	(529,452)	-
Total other financing sources (uses)	682,418	728,998	713,394	(15,604)
Net change in fund balance	(256,276)	(359,975)	298,076	658,051
Fund balances, beginning of year	7,817,183	7,817,183	7,817,183	-
Fund balances, end of year	\$ 7,560,907	\$ 7,457,208	\$ 8,115,259	\$ 658,051

The accompanying notes are an integral part of these financial statements.

Monroe County Intermediate School District
Statement of Revenue, Expenditures and Changes in Fund Balance
Special Education
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (under) Final Budget
Revenue				
Local sources	\$ 22,060,693	\$ 22,418,390	\$ 22,640,380	\$ 221,990
State sources	7,834,555	7,881,331	7,887,259	5,928
Federal sources	6,879,115	6,764,967	6,595,285	(169,682)
Interdistrict sources	91,300	106,545	102,869	(3,676)
Total revenue	36,865,663	37,171,233	37,225,793	54,560
Expenditures				
Instruction	12,714,014	12,685,374	12,381,372	(304,002)
Supporting services				
Pupil services	10,182,200	10,139,635	10,235,587	95,952
Instructional support	2,161,405	2,047,655	1,949,337	(98,318)
General administration	327,751	332,824	313,013	(19,811)
School administration	-	-	-	-
Business services	153,185	119,223	192,658	73,435
Operations and maintenance	1,009,509	1,047,642	819,938	(227,704)
Transportation	1,126,321	1,201,996	1,036,476	(165,520)
Central support	445,110	214,784	183,470	(31,314)
Community services	590,080	632,914	602,450	(30,464)
Interdistrict payments	7,825,386	8,693,978	8,681,534	(12,444)
Total expenditures	36,534,961	37,116,025	36,395,835	(720,190)
Revenue over expenditures	330,702	55,208	829,958	774,750
Other financing sources (uses)				
Transfers in	524,309	529,452	529,452	-
Transfers out	(1,242,001)	(1,771,833)	(1,749,439)	22,394
Total other financing sources (uses)	(717,692)	(1,242,381)	(1,219,987)	22,394
Net change in fund balance	(386,990)	(1,187,173)	(390,029)	797,144
Fund balances, beginning of year	12,735,448	12,735,448	12,735,448	-
Fund balances, end of year	<u>\$ 12,348,458</u>	<u>\$ 11,548,275</u>	<u>\$ 12,345,419</u>	<u>\$ 797,144</u>

The accompanying notes are an integral part of these financial statements.

Monroe County Intermediate School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds
	<hr/>
Assets	
Cash and cash equivalents	\$ 26,562
	<hr/>
Liabilities	
Due to student groups	\$ 26,562
	<hr/>

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Monroe County Intermediate School District (the “District”) has followed the guidelines of the Governmental Accounting Standards Board’s Statement No. 14 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

B. District-wide and fund financial statements

The District-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes received and grant and interest revenue earned within the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Education Special Revenue Fund* accounts for special education initiatives carried out by the District, which are primarily financed through restricted state aid and property taxes.

The *Debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

Additionally, the District reports the following fund types:

The *Special revenue funds* are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes, where there is a need to determine the results of operations. This fund type includes the Food Services Fund, which accounts for the operations of the cafeteria.

The *Capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities, major remodeling and improvements.

The *agency fund* accounts for assets held for other groups and organizations and is custodial in nature.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the District-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value based on quoted market prices.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The District considers all receivables to be fully collectible; accordingly no allowance for doubtful accounts is recorded.

3. Inventories and prepaids

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the general and special revenue funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories in the fund financial statements are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Furniture and equipment	5-20
Transportation equipment	8-10

5. *Compensated absences*

Vacation and Sick Pay –The liability for compensated absences reported in the District-wide financial statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment, such as for employee retirements or resignations. The liability has been calculated for employees who currently are eligible to receive termination payments using the vesting method.

6. *Long-term obligations*

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

7. *Fund balance*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. All annual appropriations lapse at fiscal year end. The budgets for the General and special revenue funds are adopted on a functional basis.

B. Excess of expenditures over appropriations

Budget to actual comparisons for the General Fund and each major Special Revenue Fund are presented in the fund financial statements at the legal level of budgetary control. During the year ended June 30, 2008, the District incurred expenditures in excess of appropriated amounts as follows:

	Final Budget	Actual	Over Budget
General Fund:			
Community services	\$ 160,629	\$ 162,100	\$ 1,471
Special Education:			
Pupil services	10,139,635	10,235,587	95,952
Business services	119,223	192,658	73,435

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Assets and Liabilities follows:

Statement of Net Assets

Cash and cash equivalents	\$ 24,079,556
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Statement of Fiduciary Assets and Liabilities

Cash and cash equivalents	<u>26,562</u>
---------------------------	---------------

\$ 24,106,118

Cash on hand	\$ 600
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Bank deposits (checking accounts, savings accounts and CDs)	19,035,432
--	------------

Investments in governmental liquid asset funds	<u>5,070,086</u>
---	------------------

\$ 24,106,118

Statutory Authority - State statutes authorize the District to deposit and invest in:

- a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

The District's investment policy allows for all of these types of investments.

The District chooses to disclose its investments by specifically identifying each. At June 30, 2008, the District had the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Fifth Third Securities	n/a	\$ 589,086	S&P - AAA
Money Market Funds	n/a	<u>4,481,000</u>	n/a
		<u>\$ 5,070,086</u>	

Investment and deposit risk

Interest Rate Risk - State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$19,534,257 of the District's bank balance of \$19,925,936, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. None of the District's investments are subject to custodial credit risk because their existence is not evidenced by securities in physical or book form.

Concentration of Credit Risk - State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

B. Receivables

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	<u>General</u>	<u>Special Education</u>	<u>Durant Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Amount Not Expected to be Collected Within One Year</u>
Receivables:						
Intergovernmental	\$ 973,666	\$2,931,094	\$1,753,283	\$ 2,745	\$5,660,788	\$1,588,030
Property taxes	<u>48,591</u>	<u>147,732</u>	<u>-</u>	<u>-</u>	<u>196,323</u>	<u>-</u>
Total receivables	<u>\$ 1,022,257</u>	<u>\$3,078,826</u>	<u>\$1,753,283</u>	<u>\$ 2,745</u>	<u>\$5,857,111</u>	<u>\$1,588,030</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ -	\$ 196,323
Grant revenues received in advance of being earned	-	2,552,572
Long-term receivable – Durant settlement	<u>1,753,283</u>	<u>-</u>
	<u>\$ 1,753,283</u>	<u>\$ 2,748,895</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

C. Capital assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	<u>Balance July 1, 2007</u>	<u>Reclass</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated:					
Land	\$ 127,382	\$ -	\$ -	\$ -	\$ 127,382
Capital assets being depreciated:					
Buildings and improvements	7,688,834	(17,945)	39,627	-	7,710,516
Buses and other vehicles	885,958	-	47,982	14,100	919,840
Furniture and equipment	545,844	17,945	7,530	-	571,319
Total capital assets being depreciated	<u>9,120,636</u>	<u>-</u>	<u>95,139</u>	<u>14,100</u>	<u>9,201,675</u>
Less accumulated depreciation for:					
Buildings and improvements	2,730,353	(3,588)	146,727	-	2,873,492
Buses and other vehicles	499,970	(1,443)	89,256	14,100	573,683
Furniture and equipment	317,714	5,031	49,528	-	372,273
Total accumulated depreciation	<u>3,548,037</u>	<u>-</u>	<u>285,511</u>	<u>14,100</u>	<u>3,819,448</u>
Total capital assets being depreciated, net	<u>5,572,599</u>	<u>-</u>	<u>(190,372)</u>	<u>-</u>	<u>5,382,227</u>
Governmental activities capital assets, net	<u>\$ 5,699,981</u>	<u>\$ -</u>	<u>\$ (190,372)</u>	<u>\$ -</u>	<u>\$ 5,509,609</u>

Depreciation expense of \$284,597 and \$914 was reported on the statement of activities as “supporting service” and “food service”, respectively.

D. Payables

Accounts payable and accrued liabilities as of year end for the District’s individual major and nonmajor funds are as follows:

	<u>General</u>	<u>Special Education</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Financial Statements:				
Accounts payable	\$ 234,391	\$ 895,014	\$ 17,950	\$ 1,147,355
Salaries payable	<u>191,206</u>	<u>2,534,061</u>	<u>-</u>	<u>2,725,267</u>
	<u>\$ 425,597</u>	<u>\$ 3,429,075</u>	<u>\$ 17,950</u>	<u>\$ 3,872,622</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

E. Interfund receivables, payables and transfers

For the year ended June 30, 2008, interfund transfers consisted of the following:

	<u>Transfers out</u>	<u>Transfers in</u>
General Fund	\$ 529,452	\$ 1,242,846
Special Education Fund	1,749,439	529,452
Nonmajor governmental funds	<u>-</u>	<u>506,593</u>
	<u>\$ 2,278,891</u>	<u>\$ 2,278,891</u>

The District reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for the governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2008, the District transferred funds to provide funds for capital projects and food service activities. In addition, funds were transferred between the Special Education Fund and the General Fund for special education operating purposes.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

F. Long-Term debt

Long-term debt and other obligations of the District at June 30, 2008, are summarized as follows:

	Long-Term Debt Outstanding at July 1, 2007	Additions	Retirements	Long-Term Debt Outstanding at June 30, 2008	Amount Due Within One Year
Installment Debt:					
1998 Durant School Improvement Bonds, due in annual installments of \$165,253 to \$1,043,576 through the year 2013; interest at 4.8% *	\$ 1,753,283	\$ -	\$ -	\$ 1,753,283	\$ 165,253
Compensated absences	<u>1,683,645</u>	<u>112,576</u>	<u>211,492</u>	<u>1,584,729</u>	<u>128,000</u>
Total Long-Term Debt	<u>\$ 3,436,928</u>	<u>\$ 112,576</u>	<u>\$ 211,492</u>	<u>\$ 3,338,012</u>	<u>\$ 293,253</u>

- * The Durant School Improvement Bonds are serviced from funds made available to Michigan School Districts by an annual appropriation by the Michigan State Legislature. If the Legislature does not appropriate the funding required, the District is not liable to pay the debt service.

Compensated absences are generally liquidated by the general and special education funds.

Future principal and interest payment requirements on outstanding debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 165,253	\$ 43,268	\$ 208,521
2010	173,113	35,400	208,513
2011	181,358	27,157	208,515
2012	189,983	18,522	208,505
2013	<u>1,043,576</u>	<u>357,403</u>	<u>1,400,979</u>
Total	<u>\$ 1,753,283</u>	<u>\$ 481,750</u>	<u>\$ 2,235,033</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

IV. OTHER INFORMATION

A. Risk management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for medical claims and participates in the MASB/SET-SEG (risk pool) for claims relating to employee injuries/workers' compensation, general liability, and property casualty. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

B. Property taxes

Property taxes are assessed as of December 31 and attach as an enforceable lien on property as of July 1 of the following year. Taxes are levied on whose boundaries include property within the District and are due on September 15.

C. Defined benefit pension plan

Plan Description

The District contributes to the Michigan Public School Employees Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPERS provides retirement, survivor and disability benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by state statute.

The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909 or by calling 1-800-381-5111.

Funding Policy

Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Basic Plan members make no contributions. The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefits on a cash disbursement basis.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes To Financial Statements

The current rate is 16.72% of annual covered payroll. The contribution requirements of plan members and the District are established by Michigan State statute and may be amended only by action of the State Legislature. The District's contributions to MPSERS for the years ended June 30, 2008, 2007, and 2006, were \$3,295,918, \$3,236,289, and \$3,464,462, respectively, equal to the required contributions for each year.

Other Post Employment Benefits

Retirees have the option of health coverage which is funded on a cash disbursement basis by the employers. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension.

Pension recipients are eligible for fully paid Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage with the following exceptions:

1. Retirees not yet eligible for Medicare coverage pay an amount equal to the Medicare Part B premiums.
2. Retirees with less than 30 years of service, who terminate employment after October 31, 1980 with the vested deferred benefits, are eligible for partially employer paid health benefit coverage (no payment if less than 21 years of service).

* * * * *

Combining Financial Statements

Monroe County Intermediate School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

<u>ASSETS</u>	<u>Food Service Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 32,145	\$ 1,208,282	\$ 1,240,427
Accounts receivable	2,745	-	2,745
Due from other funds	-	-	-
Inventory	<u>2,761</u>	<u>-</u>	<u>2,761</u>
 <u>TOTAL ASSETS</u>	 <u><u>\$ 37,651</u></u>	 <u><u>\$ 1,208,282</u></u>	 <u><u>\$ 1,245,933</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 9,929	\$ 8,021	\$ 17,950
Deferred revenue	<u>1,218</u>	<u>-</u>	<u>1,218</u>
 Total liabilities	 <u>11,147</u>	 <u>8,021</u>	 <u>19,168</u>
 Fund balances			
Reserved for inventory	2,761	-	2,761
Unreserved:			
Undesignated	<u>23,743</u>	<u>1,200,261</u>	<u>1,224,004</u>
 Total fund balances	 <u>26,504</u>	 <u>1,200,261</u>	 <u>1,226,765</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u><u>\$ 37,651</u></u>	 <u><u>\$ 1,208,282</u></u>	 <u><u>\$ 1,245,933</u></u>

Monroe County Intermediate School District
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Food Service Special Revenue Fund	Capital Projects Fund	Total
Revenue			
Local sources	\$ 113,107	\$ 160,815	\$ 273,922
State sources	2,670	-	2,670
Federal sources	34,335	-	34,335
	<hr/>	<hr/>	<hr/>
Total revenue	150,112	160,815	310,927
	<hr/>	<hr/>	<hr/>
Expenditures			
Food service	157,036	-	157,036
Capital outlay	-	900,848	900,848
	<hr/>	<hr/>	<hr/>
Total expenditures	157,036	900,848	1,057,884
	<hr/>	<hr/>	<hr/>
Revenue under expenditures	(6,924)	(740,033)	(746,957)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	6,593	500,000	506,593
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	6,593	500,000	506,593
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(331)	(240,033)	(240,364)
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	26,835	1,440,294	1,467,129
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u><u>\$ 26,504</u></u>	<u><u>\$ 1,200,261</u></u>	<u><u>\$ 1,226,765</u></u>

Single Audit

Monroe County Intermediate School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass- Through Grantor's Number	Approved Award/Grant Amount	Accrued Revenue Beginning of Year	Adjustments and Transfers	Current Year Receipts	Current Year Expenditures	Accrued Revenue End of Year
U.S. Department of Agriculture								
Direct Program - Food Distribution:								
2007-2008 Entitlement Commodities	10.550	-n/a-	\$ 4,339	\$ -	\$ -	\$ 4,826	\$ 4,826	\$ -
Bonus Commodities	10.550	-n/a-	179	-	-	179	179	-
				-	-	5,005	5,005	-
Passed-through Michigan Department of Education:								
2006-2007 School Breakfast	10.553	071970	5,188	401	-	401	-	-
2007-2008 School Breakfast	10.553	081970		-	-	4,118	4,135	17
				401	-	4,519	4,135	17
National School Lunch:								
2006-2007 Section 4	10.555	071950	-	336	-	336	-	-
2007-2008 Section 4	10.555	071970	4,565	-	-	4,487	4,565	78
2006-2007 Section 11	10.555	071960	-	1,520	-	1,520	-	-
2007-2008 Section 11	10.555	081960	20,630	-	-	19,841	20,630	789
				1,856	-	26,184	25,195	867
Total passed-through Michigan Department of Education				2,257	-	30,703	29,330	884
Passed-through Michigan State University								
MNN Michigan Model	10.561		130,284	-	-	-	45,394	45,394
Total U.S. Department of Agriculture				2,257	-	35,708	79,729	46,278
U.S. Department of Labor								
Passed-through Southeast Michigan								
Community Alliance:								
WIA Cluster								
Project number 05-MCISD-0006 FY07	17.259	06-MCISD-0006	338,070	38,245	-	38,245	-	-
Project number 07-MCISD-0006 FY08	17.259	07-MCISD-0006	280,000	-	-	221,267	259,430	38,163
Total U.S. Department of Labor				38,245	-	259,512	259,430	38,163

continued...

Monroe County Intermediate School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title			CFDA Number	Pass- Through Grantor's Number	Approved Award/Grant Amount	Accrued Revenue Beginning of Year	Adjustments and Transfers	Current Year Receipts	Current Year Expenditures	Accrued Revenue End of Year
U.S. Department of Education										
Passed-through Michigan Department of Education:										
Title I:										
Project number	071700-0607	GAR	84.013	071700-0607	\$ 90,936	\$ 5,616	\$ -	\$ 70,796	\$ 65,180	\$ -
Project number	081700-0708	GAR	84.013	081700-0708	172,499	-	-	94,041	108,763	14,722
						5,616	-	164,837	173,943	14,722
Special Education Cluster:										
Handicapped Preschool and School Program										
Project Number	070490-TS		84.027A	070490-TS	90,000	16,676	-	16,676	-	-
Project Number	080490-TS		84.027A	080490-TS	70,000	-	-	58,121	63,509	5,388
Project Number	080480-EOSD		84.027A	080480-EOSD	55,000	-	-	38,618	55,000	16,382
Project Number	070440-0607		84.027A	070440-0607	2,521	2,521	-	2,521	-	-
Project Number	070450-0607		84.027A	070450-0607	5,167,235	1,109,907	-	1,965,445	1,137,365	281,827
Project Number	080450-0708		84.027A	080450-0708	5,226,058	-	-	3,424,299	4,403,104	978,805
						1,129,104	-	5,505,680	5,658,978	1,282,402
Preschool Incentive										
Project number	070460-0607		84.173	070460-0607	188,586	48,579	-	48,579	-	-
Project number	080460-0708		84.173	080460-0708	188,659	-	-	154,986	188,659	33,673
						48,579	-	203,565	188,659	33,673
IDEA - Infant & Toddler Formula GT										
Project number	071340-190		84.181A	071340-190	225,220	33,651	-	60,593	26,942	-
Project number	081340-190		84.181A	081340-190	227,106	-	-	171,251	185,839	14,588
						33,651	-	231,844	212,781	14,588
Safe and Drug Free Schools and Communities Act:										
Project number	072860-0607		84.186	072860-0607	118,905	70,385	-	70,385	-	-
Project number	072860-0708		84.186	072860-0708	6,460	-	-	6,461	6,461	-
Project number	082860-0708		84.186	082860-0708	122,605	-	-	54,239	101,679	47,440
						70,385	-	131,085	108,140	47,440
Homeless Children and Youths:										
Project Number	062320-0607-C		84.196A	052320-0506	10,439	10,439	-	10,439	-	-
Project Number	072320-0607		84.196A	062320-0506	17,106	5,240	-	5,240	-	-
Project Number	072320-0708-C		84.196A	072320-0708-C	11,866	-	-	9,283	11,866	2,583
Project Number	082320-0708		84.196A	082320-0708	17,106	-	-	-	14,671	14,671
						15,679	-	24,962	26,537	17,254

continued...

Monroe County Intermediate School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass- Through Grantor's Number	Approved Award/Grant Amount	Accrued Revenue Beginning of Year	Adjustments and Transfers	Current Year Receipts	Current Year Expenditures	Accrued Revenue End of Year
U.S. Department of Education (concluded)								
Technology Preparation Education:								
Project number 073540-7014-25	84.243	073540-7014-25	\$ 294,370	\$ 110,465	\$ -	\$ 110,465	\$ -	\$ -
Project number 083540-8014-25	84.243	083540-8014-25	297,359	-	-	217,836	287,216	69,380
				110,465	-	328,301	287,216	69,380
Title V:								
Project number 070250-0607	84.298	070250-0607	3,400	1,761	-	2,122	361	-
Project number 080250-0708	84.298	080250-0708	3,400	-	-	3,260	2,897	(363)
				1,761	-	5,382	3,258	(363)
Title II, Part A:								
Project number 070520-0607	84.367	070520-0607	2,675	2,675	-	2,675	-	-
Total passed through the Michigan Department of Education				1,417,915	-	6,598,331	6,659,512	1,479,096
Passed-through Wayne County Regional Education								
Service Agency:								
Vocational Education - Basic Grants to States								
Perkins 2007	84.048		68,350	68,350	-	68,350	-	-
Perkins 2008	84.048		66,983	-	-	48,156	66,983	18,827
				68,350	-	116,506	66,983	18,827
Total U.S. Department of Education				1,486,265	-	6,714,837	6,726,495	1,497,923
U.S. Department of Health and Human Services								
Passed-through Michigan Department of Education:								
Project number SFSC-06-58001 FY-07 SFSC	93.556	SFSC-06-58001	44,765	9,648	-	20,148	10,500	-
Project number SFSC-06-58001 FY-08 SFSC #1	93.556	SFSC-06-58001	9,513	-	-	9,204	10,614	1,410
Project number SFSC-08-58001 FY-08 SFSC #2	93.556	SFSC-06-58001	41,250	-	-	8,811	15,654	6,843
				9,648	-	38,163	36,768	8,253
Great Start Collaborative								
Project Number ECIC-07	93.575	ECIC-07	61,345	34,879		61,345	26,466	-
Project Number ECIC-08 #1	93.575	ECIC-08	14,328	-		-	-	-
Project Number ECIC-08	93.575	ECIC-08	54,717	-		-	5,822	5,822
				34,879	-	61,345	32,288	5,822

continued...

Monroe County Intermediate School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass- Through Grantor's Number	Approved Award/Grant Amount	Accrued Revenue Beginning of Year	Adjustments and Transfers	Current Year Receipts	Current Year Expenditures	Accrued Revenue End of Year
U.S. Department of Health and Human Services (concluded)								
Medicaid								
Administrative Outreach 07-08	93.778		\$ 126,541	\$ (226,977)	\$ -	\$ 126,541	\$ -	\$ (353,518)
Total passed through the Michigan Department of Education				(182,450)	-	226,049	69,056	(339,443)
Passed-through Southeast Michigan								
Community Alliance:								
Preventitive services:								
2006-2007 Prevention Services	93.959		52,500	3,917	-	14,028	10,327	216
2007-2008 Prevention Services	93.959		64,000	-	-	26,918	44,515	17,597
				3,917	-	40,946	54,842	17,813
Total U.S. Department of Health and Human Services				(178,533)	-	266,995	123,898	(321,630)
Total Expenditures of Federal Awards				\$ 1,348,234	\$ -	\$ 7,277,052	\$ 7,189,552	\$ 1,260,734

1. Expenditures in this schedule are in agreement with amounts reported in the financial statements and the financial reports submitted to the MDE.
2. The amounts reported on the R7120 (Grants Section Auditor's Report) reconcile with this schedule.
3. The amounts reported on the Recipient Entitlement Balance (PAL) Report agree with this schedule for USDA donated food commodities and are reported in the current year receipts column.
4. Expenditures include spoilage or pilferage.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Monroe County Intermediate School District (the "District"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The amounts presented in this schedule agree or reconcile to the amounts presented in, or used in the preparation of, the financial statements, and the financial reports filed with the Michigan Department of Education.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting which is described in Note I of the District's financial statements.

3. SUBRECIPIENTS

The District's reporting entity is defined in Note I of the District's financial statements. The District administers certain federal awards programs through subrecipients. Those subrecipients are not considered part of the District's reporting entity. Of the federal expenditures presented in the schedule, the District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Safe and Drug Free Schools	84.186	\$ 26,181
Homeless Children and Youths	84.196	26,537
Technology Preparation Education	84.243	273,539
Title V	84.298	857

4. OTHER INFORMATION

The amounts reported on the R7120 (Grants Section Auditors Report) reconcile to the accompanying Schedule of Expenditures of Federal Awards.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

5. MEDICAID OUTREACH

During the year ended June 30, 2008, the District received \$126,541 in funding from the Michigan Department of Community Health for the Medicaid Administrative Outreach and Transportation Program, for distribution to (and subsequent expenditure by) local school districts within the jurisdiction of the Monroe Intermediate School District. Due to uncertainties surrounding whether these funds will eventually have to be repaid to MDCH, the District has elected to defer the distribution of these funds to the local school districts until a later date, when more information is available. Accordingly, the amount received were recorded as deferred revenue, and not reflected as expended on the accompanying Schedule of Expenditures of Federal Awards.

* * * * *

Monroe County Intermediate School District

Schedule of Expenditures of Federal Awards provided to Subrecipients

Program Title/Project Number Subrecipient Name	CFDA Number	Current Year Cash Transferred to Subrecipients
Safe and Drug Free Schools	84.186	
Airport Community Schools		\$ 3,544
Bedford Public Schools		4,650
Dundee Community Schools		1,600
Ida Public Schools		1,241
Jefferson Schools		2,102
Mason Consolidated Schools		1,418
Monroe Public Schools		8,588
Summerfield Schools		808
Whiteford Agricultural Schools		543
Addison Schools		-
Blissfield Schools		793
Britton-Macon Schools		364
Clinton Schools		-
Madison Schools		530
Sand Creek Schools		-
		<hr/> 26,181 <hr/>
Title V	84.298	
Lenawee I.S.D.		857
		<hr/> 857 <hr/>
Tech Prep	84.243	
Bedford Public Schools		5,039
Crestwood School District		4,217
Dearborn City Schools		12,268
Dearborn Heights #7		4,515
Downriver Career & Technical Consortium		31,960
Dundee Community Schools		2,038
Garden City Schools		8,339
Heart Academy		432
Ida Public Schools		2,514
Jefferson Schools		2,579
Lincoln Park Schools		3,960
Livonia Public Schools		14,389
Mason Consolidated Schools		2,582

(Continued)

Monroe County Intermediate School District

Schedule of Expenditures of Federal Awards provided to Subrecipients (Concluded)

Program Title/Project Number Subrecipient Name	CFDA Number	Current Year Cash Transferred to Subrecipients
Melvindale-N Allen Park Schools		\$ 4,361
MI Health Academy		1,079
Monroe Public Schools		9,557
Plymouth Canton Schools		12,237
Redford Union Schools		3,599
River Rouge Schools		2,006
Romulus Community Schools		2,692
Summerfield Schools		2,584
Taylor School District		6,046
VanBuren Schools		4,237
Wayne-Westland Schools		14,252
Westwood Community Schools		3,721
Whiteford Agricultural Schools		2,520
Wyandotte City Schools		3,592
Henry Ford Community College		86,426
Monroe County Community College		6,289
Wayne County Community College District		13,508
		273,539
HOMELESS EDUCATION GRANT FY 07 C/O	84.196	
Airport Community Schools		
Bedford Public Schools		95
Dundee Community Schools		277
Ida Public Schools		2,783
Jefferson Schools		
Monroe Public Schools		8,241
Summerfield Schools		470
Whiteford Agricultural Schools		-
		11,866
HOMELESS EDUCATION GRANT FY 07	84.196	
Airport Community Schools		857
Bedford Public Schools		
Dundee Community Schools		
Ida Public Schools		
Jefferson Schools		
Monroe Public Schools		13,814
Whiteford Agricultural Schools		
		\$ 14,671



REHMANN ROBSON

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

November 12, 2008

Board of Education
Monroe County Intermediate School District
Monroe, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT** as of and for the year ended June 30, 2008, and have issued our report thereon dated November 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe County Intermediate School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to management of Monroe County Intermediate School District in a separate letter dated November 12, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



REHMANN ROBSON

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 12, 2008

Board of Education
Monroe County Intermediate School District
Monroe, Michigan

Compliance

We have audited the compliance of **MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT** with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Monroe County Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Monroe County Intermediate School District's management. Our responsibility is to express an opinion on Monroe County Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monroe County Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Monroe County Intermediate School District's compliance with those requirements.

In our opinion, Monroe County Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Monroe County Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Monroe County Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, prominent 'L' at the beginning.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency (ies) identified
not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements
noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency (ies) identified
not considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

_____ yes X no

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDING AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FINDINGS

2007-1 Allocation and Certification of Payroll Expenditures

The District has the appropriate certifications for the year ended June 30, 2008.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended June 30, 2008

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards:

Revenue from federal sources - As reported on the financial statements	\$ 7,132,450
Add - Federal revenue that are recorded as interdistrict sources:	
Perkins 2008	66,983
Less - Non-federal portion of block grant:	
2006-2007 Prevention Services	(3,152)
2007-2008 Prevention Services	(6,729)
Expenditures reported on the schedule of expenditures of federal awards	<u>\$ 7,189,552</u>

* * * * *



REHMANN ROBSON

Certified Public Accountants

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November 12, 2008

To the Board of Education of
Monroe County Intermediate School District

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *Monroe County Intermediate School District* (the “District”) for the year ended June 30, 2008, and have issued our report thereon dated November 12, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated July 15, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the *District’s* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the *District’s* compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the *District’s* compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the *District’s* compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 15, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the *District* are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statements may be affected by unusual transactions, including nonrecurring transactions. No significant unusual accounting transactions occurred during the year:

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 12, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the *Monroe County Intermediate School District* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Johnson", written in a cursive style.

Monroe County Intermediate School District

Comments and Recommendations

For the Year Ended June 30, 2008

In planning and performing our audit of the financial statements of the Monroe County Intermediate School District as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Other Matters

Payroll Process Procedures

Payroll is complete by an individual that also has general ledger access and also has the ability to add and delete employees. To help strengthen internal controls over the payroll process, we suggest that a District employee independent of the payroll function review and document their review on all payroll registers before the payroll checks are issued/or direct deposit slips are prepared.

Monroe County Intermediate School District

Comments and Recommendations (Concluded)

For the Year Ended June 30, 2008

Also, changes in employment (additions and determinations) and in salary and wage rates, are presently not reviewed by someone independent of payroll input. We recommend that the District generate a report that would detail all changes made to the payroll system for the personnel additions and terminations, and the change in pay rates, for each pay date and to put procedures in place where someone independent of the payroll manager will print and review this report for unusual changes before the payroll checks are issued/or direct deposit slips are prepared.

Asset inventory

The District currently has no policy for taking inventory of the District's moveable fixed assets. We recommend that the District consider establishing such a policy, and suggest an inventory of those assets be taken every four or five years.

* * * * *

FORM **SF-SAC**
(8-6-2008)U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS
for Fiscal Year Ending Dates in 2008, 2009, or 2010**

▶ Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

PART 1**GENERAL INFORMATION (To be completed by auditee, except for Items 6, 7, and 8)**

1. Fiscal period ending date for this submission		2. Type of Circular A-133 audit	3. Audit period covered
Month 06	Day 30	Year 2008	
		1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other — <input type="text"/> Months 2 <input type="checkbox"/> Biennial

4. Auditee Identification Numbers

a. Primary Employer Identification Number (EIN)

3	8	—	1	7	1	0	6	0	0
---	---	---	---	---	---	---	---	---	---

d. Data Universal Numbering System (DUNS) Number

0	2	—	0	2	7	—	8	0	6	5
---	---	---	---	---	---	---	---	---	---	---

b. Are multiple EINs covered in this report? 1 ☐ Yes 2 ☒ No

e. Are multiple DUNS covered in this report? 1 ☐ Yes 2 ☒ No

c. If Part I, Item 4b = "Yes," complete Part I, Item 4c on the continuation sheet on Page 4.

f. If Part I, Item 4e = "Yes," complete Part I, Item 4f on the continuation sheet on Page 4.

5. AUDITEE INFORMATION

a. Auditee name
MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

b. Auditee address (Number and street)
1101 S. RAISINVILLE RD.
City
MONROE
State
MI ZIP + 4 Code
4 8 1 6 1 —

c. Auditee contact
Name
NANCY SWANSON
Title
ASSISTANT SUPERINTENDENT FOR BUSINESS

d. Auditee contact telephone
(734) 242 — 5799

e. Auditee contact FAX
(734) 242 — 0567

f. Auditee contact E-mail
SWANSON@MISD.K12.MI.US

g. AUDITEE CERTIFICATION STATEMENT — This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Auditee certification	Date
ELECTRONICALLY CERTIFIED	11/17/2008
Name of certifying official	
NANCY SWANSON	
Title of certifying official	
ASSISTANT SUPERINTENDENT	

**6. PRIMARY AUDITOR INFORMATION
(To be completed by auditor)**

a. Primary auditor name
REHMANN ROBSON

b. Primary auditor address (Number and street)
675 ROBINSON RD.
City
JACKSON
State
MI ZIP + 4 Code
4 9 2 0 3 —

c. Primary auditor contact
Name
DAVID M. FISHER, CPA
Title
PRINCIPAL

d. Primary auditor contact telephone
(517) 841 — 4214

e. Primary auditor contact FAX
(517) 788 — 8111

f. Primary auditor contact E-mail
DAVE.FISHER@REHMANN.COM

g. AUDITOR STATEMENT — The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9f, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and **is not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

7a. Add Secondary auditor information? (Optional)1 ☐ Yes 2 ☒ No

b. If "Yes," complete Part I, Item 8 on the continuation sheet on page 5.

Auditor certification	Date
ELECTRONICALLY CERTIFIED	11/14/2008

PART II**FINANCIAL STATEMENTS (To be completed by auditor)****1. Type of audit report**

Mark either:

1 ☒ Unqualified opinion **OR**any combination of: 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion**2. Is a "going concern" explanatory paragraph included in the audit report?**1 ☐ Yes 2 ☒ No**3. Is a significant deficiency disclosed?**1 ☐ Yes 2 ☒ No – SKIP to Item 5**4. Is any significant deficiency reported as a material weakness?**1 ☐ Yes 2 ☐ No**5. Is a material noncompliance disclosed?**1 ☐ Yes 2 ☒ No**PART III****FEDERAL PROGRAMS (To be completed by auditor)****1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12)**1 ☒ Yes 2 ☐ No**2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § .520(b))**

\$ 300,000

3. Did the auditee qualify as a low-risk auditee? (§ .530)1 ☒ Yes 2 ☐ No**4. Is a significant deficiency disclosed for any major program? (§ .510(a)(1))**1 ☐ Yes 2 ☒ No –SKIP to Item 6**5. Is any significant deficiency reported for any major program as a material weakness? (§ .510(a)(1))**1 ☐ Yes 2 ☐ No**6. Are any known questioned costs reported? (§ .510(a)(3) or (4))**1 ☐ Yes 2 ☒ No**7. Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings? (§ .315(b))**1 ☐ Yes 2 ☒ No**8. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)**98 ☐ U.S. Agency for International Development10 ☐ Agriculture23 ☐ Appalachian Regional Commission11 ☐ Commerce94 ☐ Corporation for National and Community Service12 ☐ Defense84 ☐ Education81 ☐ Energy66 ☐ Environmental Protection Agency39 ☐ General Services Administration93 ☐ Health and Human Services97 ☐ Homeland Security14 ☐ Housing and Urban Development03 ☐ Institute of Museum and Library Services15 ☐ Interior16 ☐ Justice17 ☐ Labor09 ☐ Legal Services Corporation43 ☐ National Aeronautics and Space Administration89 ☐ National Archives and Records Administration05 ☐ National Endowment for the Arts06 ☐ National Endowment for the Humanities47 ☐ National Science Foundation07 ☐ Office of National Drug Control Policy59 ☐ Small Business Administration96 ☐ Social Security Administration19 ☐ U.S. Department of State20 ☐ Transportation21 ☐ Treasury64 ☐ Veterans Affairs00 ☒ None☐ Other – Specify:

PART III FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR				10. AUDIT FINDINGS				
Federal Agency Prefix ¹	CFDA Number	Research and development	Name of Federal program	Amount expended	Direct award	Major program	Type(s) of compliance requirement(s) ⁴	Audit finding reference number(s) ⁵
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(a)	(b)
1 0	.550	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ENTITLEMENT COMMODITIES	\$ 5,005.00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 0	.553	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NATIONAL SCHOOL BREAKFAST	\$ 4,135.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 0	.555	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NATIONAL SCHOOL BREAKFAST	\$ 25,195.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 0	.561	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MNN MICHIGAN MODEL	\$ 45,394.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 7	.259	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIA CLUSTER	\$ 259,430.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.013	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE I	\$ 173,943.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.027A	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SPECIAL EDUCATION CLUSTER	\$ 5,658,978.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	N/A
8 4	.173	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	PRESCHOOL INCENTIVE	\$ 188,659.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	N/A
8 4	.181A	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	INFANT AND TODDLER	\$ 212,781.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.186	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES ACT	\$ 108,140.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
TOTAL FEDERAL AWARDS EXPENDED				\$ 7,189,552.00				

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)³ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

A. Activities allowed or unallowed
 B. Allowable costs/cost principles
 C. Cash management
 D. Davis - Bacon Act
 E. Eligibility
 F. Equipment and real property management
 G. Matching, level of effort, earmarking
 H. Period of availability of Federal funds
 I. Procurement and suspension and debarment
 J. Program income
 K. Real property acquisition and relocation assistance
 L. Reporting
 M. Subrecipient monitoring
 N. Special tests and provisions
 O. None
 P. Other

⁵ N/A for NONE

PART III FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR				10. AUDIT FINDINGS			
CFDA Number	Research and development	Name of Federal program	Amount expended	Direct award	Major program	Type(s) of compliance requirement(s)	Audit finding reference number(s)
Federal Agency Prefix1 (a)	Extension 2 (b)	(c)	(d)	(e)	(f)	(g)	(h)
8 4	.196A	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	\$ 26,537.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.243	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	\$ 287,216.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.298	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	\$ 3,258.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.048	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	\$ 66,983.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9 3	.556	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	\$ 36,768.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9 3	.675	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	\$ 32,288.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9 3	.959	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	\$ 54,842.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
TOTAL FEDERAL AWARDS EXPENDED			\$ 7,189,552.00				

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

- ⁵ N/A for NONE
- | | | | |
|------------------------------------|--|--|---------------------------------|
| A. Activities allowed or unallowed | E. Eligibility | I. Procurement and suspension and debarment | L. Reporting |
| B. Allowable costs/cost principles | F. Equipment and real property management | J. Program income | M. Subrecipient monitoring |
| C. Cash management | G. Matching, level of effort, earmarking | K. Real property acquisition and relocation assistance | N. Special tests and provisions |
| D. Davis - Bacon Act | H. Period of availability of Federal funds | | O. None |
| | | | P. Other |

PART I Item 5 Continuation Sheet

c. List the multiple Employer Identification Numbers (EINs) covered in this report.

f. List the multiple DUNS covered in the report.

1	N / A	21	41							1	N / A	21							
2		22	42							2		22							
3		23	43							3		23							
4		24	44							4		24							
5		25	45							5		25							
6		26	46							6		26							
7		27	47							7		27							
8		28	48							8		28							
9		29	49							9		29							
10		30	50							10		30							
11		31	51							11		31							
12		32	52							12		32							
13		33	53							13		33							
14		34	54							14		34							
15		35	55							15		35							
16		36	56							16		36							
17		37	57							17		37							
18		38	58							18		38							
19		39	59							19		39							
20		40	60							20		40							

PART I GENERAL INFORMATION - Continued

8. Part I, Item 8, Secondary Auditor's Contact Information. (List the Secondary Auditor's Contact information)

1. a. Secondary Auditor name N / A		2. a. Secondary Auditor name		3. a. Secondary Auditor name	
b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)	
City		City		City	
State ZIP + 4 Code		State ZIP + 4 Code		State ZIP + 4 Code	
c. Secondary Auditor contact Name Title		c. Secondary Auditor contact Name Title		c. Secondary Auditor contact Name Title	
d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone	
e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX	
f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail	
4. a. Secondary Auditor name		5. a. Secondary Auditor name		6. a. Secondary Auditor name	
b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)	
City		City		City	
State ZIP + 4 Code		State ZIP + 4 Code		State ZIP + 4 Code	
c. Secondary Auditor contact Name		c. Secondary Auditor contact Name		c. Secondary Auditor contact Name	
Title		Title		Title	
d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone	
e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX	
f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail	